

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2009**

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SEYMOUR COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2008 Election)</b>		
Lisa Warren	President	2009
Tracy McMurray	Board Member	2009
Brent Brown	Board Member	2007
Jerry Keller	Board Member	2007
Dan Furlin, Jr.	Board Member	2009
<b>Board of Education</b>		
<b>(After September 2008 Election)</b>		
Lisa Warren	President	2009
Dan Furlin, Jr.	Board Member	2009
Tracy McMurray	Board Member	2009
Brent Brown	Board Member	2010
Jim Sandy	Board Member	2010
<b>School Officials</b>		
Dr. Gary Drummond	Superintendent	2009
Mollie Banks	Business Manager	Indefinite

**STEPHANIE MENDENHALL CPA, P.C.**  
**217 Broad Street**  
**P.O. Box 220**  
**Humeston, Iowa 50123**  
**641/877-6021**

Independent Auditor's Report

To the Board of Education of  
Seymour Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District, Seymour, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated September 11, 2009, on my consideration of Seymour Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 3 through 9 and 36 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Seymour Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 11, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Seymour Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. I encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,778,211 in fiscal 2008 to \$2,789,450 in fiscal 2009, while General Fund expenditures decreased from \$2,805,729 in fiscal 2008 to \$2,743,124 in fiscal 2009. The District's General Fund balance increased from \$44,190 in fiscal 2008 to \$90,516 in fiscal 2009, a 105% increase.
- The increase in General Fund revenues was attributable to an increase in property tax that offset a decrease in State aid in fiscal 2009. With increased revenues and an emphasis on reduced spending the General Fund eliminated the deficit spending it had been experiencing the past several years.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Seymour Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Seymour Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Seymour Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

**Figure A-1**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$ 2,895	2,702	13	6	2,908	2,708	7.38%
Capital assets	1,076	1,144	13	15	1,089	1,159	-6.04%
Total assets	3,971	3,846	26	21	3,997	3,867	3.36%
Long-term liabilities	165	245	-	-	165	245	-32.65%
Other liabilities	2,172	2,042	5	7	2,177	2,049	6.25%
Total liabilities	2,337	2,287	5	7	2,342	2,294	2.09%
Net assets:							
Invested in capital assets, net of related debt	911	898	13	15	924	913	1.20%
Restricted	249	228	-	-	249	228	9.20%
Unrestricted	474	433	8	(1)	482	432	11.57%
Total net assets	1,634	1,559	21	14	1,655	1,573	5.21%

The District's combined net assets increased by nearly 5%, or approximately \$74,000, from the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$19,000, or 8%, over the prior year. The decrease was primarily a result of increased expenditures in the Physical Plant and Equipment Levy Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately \$5,300 or 1%.

Figure A-2 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

**Figure A-2**  
**Changes in Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2009	2008	2009	2008	2009	2008	2008-2009
Revenues:							
Program revenues:							
Charges for service	\$ 205	139	58	54	263	193	36.27%
Operating grants, contributions and restricted interest	523	446	72	65	595	511	16.44%
Capital grants, contributions and restricted interest		-	-	-	-	-	-
General revenues:							
Property tax	1,080	1,053	-	-	1,080	1,053	2.56%
Income surtax	70	70	-	-	70	70	-
Local option sales and service tax	156	163	-	-	156	163	-4.29%
Unrestricted intermediate grants	22	-	-	-	22	-	-
Unrestricted state grants	996	1,225	-	-	996	1,225	-18.69%
Unrestricted investment earnings	9	28	-	-	9	28	-67.86%
Other	4	13	-	-	4	13	-69.23%
Total revenues	3,065	3,137	130	119	3,195	3,256	-1.87%
Program expenses:							
Governmental activities:							
Instruction	1,915	1,936	-	-	1,915	1,936	-1.08%
Support services	914	946	-	-	914	946	-3.38%
Non-instructional programs	-	-	124	135	124	135	-8.15%
Other expenses	160	166	-	-	160	166	-3.61%
Total expenses	2,989	3,048	124	135	3,113	3,183	-2.20%
Change in net assets	76	89	6	(16)	82	73	12.50%

In fiscal 2009, property tax and unrestricted state grants account for 73% of the revenue from governmental activities while charges for service and operating grants and contributions account for 100% of the revenue from business type activities.

The District's total revenues were \$3.256 million, of which \$3.137 million was for governmental activities and \$119,000 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a .49% decrease in revenues and a 1.09% decrease in expenses. Property taxes increased \$59,000 and state aid decreased \$1,000. Expenditures decreased in the instruction area because of emphasis on reduced spending in purchased services, supplies and equipment.



## Governmental Activities

Revenues for governmental activities were \$3,137,000 and expenses were \$3,048,000 for the year ended June 30, 2009. In a difficult budget year, the District was able to balance the budget by trimming expenses and increasing property taxes.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

**Figure A-3**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	Change			Change		
	2009	2008	2008-2009	2009	2008	2008-2009
Instruction	\$1,915	1,936	-1.08%	1,296	1,453	-10.81%
Support services	914	946	-3.38%	907	946	-4.12%
Non-instruction	-	-		-	-	
Other expenses	160	166	3.61%	58	65	-10.77%
Total	2,989	3,048	-1.94%	2,261	2,464	-8.24%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$138,425.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$446,166.
- The net cost of governmental activities was financed with \$1,286,880 in property and other taxes and \$1,225,100 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$118,873, representing a 2.5% decrease over the prior year, while expenses totaled \$134,954, a .7% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2009, the District maintained meal prices. The District reported a negative balance due primarily to fewer meal sales due to declining enrollment and increased food costs.

## INDIVIDUAL FUND ANALYSIS

As previously noted, Seymour Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$660,743, above last year's ending fund balances of \$653,302.

## Governmental Fund Highlights

- The District's improved General Fund financial position is the result of increased property taxes, staff reduction and an emphasis on cutting spending.
- To maintain the General Fund balance the District has eliminated certified and non-certified staff positions. The District will address some of the revenue short falls by adjusting the revenue sources utilized to support the General Fund. The District has utilized funds generated by the SILO tax to reduce the debt service levy. The previous debt service levy has been added to help support the General Fund levy.

- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased because the District purchased equipment and made major repairs to the facilities.
- The Capital Projects Fund balance decreased from \$362,119 in fiscal 2008 to \$348,212 in fiscal 2009. Monies were transferred from capital projects fund to Debt Service Fund to pay required bond payments and to purchase a bus.

### Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$30,209 at June 30, 2008 to \$14,128 at June 30, 2009, representing a decrease of approximately 53%. The District has experienced significant declining enrollment the past few years resulting in fewer meals served. But the District has not reduced labor costs in relationship to fewer meals served.

### BUDGETARY HIGHLIGHTS

The District's total revenues were \$314,643 less than budgeted revenues, a variance of 8.8%. The most significant variance resulted from the District receiving less state and federal aid than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2009, the District had invested \$1.159 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net decrease of 1% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$90,336.

The original cost of the District's capital assets was \$2.53 million. Governmental funds account for \$2.51 million, with the remainder of \$.02 million accounted for in the Proprietary, School Nutrition Fund.

**Figure A-4**  
**Capital Assets, Net of Depreciation**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 3	3	-	-	3	3	0.00%
Buildings	925	970	-	-	925	970	-4.64%
Furniture and equipment	148	171	13	15	161	186	-13.44%
Total	1,076	1,144	13	15	1,089	1,159	-6.04%

## Long-Term Debt

At June 30, 2009, the District had \$245,000 in general obligation debt outstanding. This represents a decrease of approximately 23% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$16 million.

**Figure A-5**  
**Outstanding Long-Term Obligations**  
**(expressed in thousands)**

<u>Total</u> <u>District</u>		<u>Total</u> <u>Change</u>
<u>June 30,</u>		<u>June 30,</u>
<u>2009</u>	<u>2008</u>	<u>2008-2009</u>
General obligation bonds	\$245,000      \$320,000	-23.4%

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Wayne County has advised the District that due to revised valuations the District's total taxable valuation will go up \$2,170,000 for property tax collected in fiscal 2009. The property tax levy has been increased for fiscal year 2009.
- The District has experienced declining enrollment for the past several years, 80 attending students the past four years. The District expects declining enrollment for fiscal year 2009.
- The District eliminated a teaching position, two aide positions and a cook position in an attempt to balance the fiscal year 2009 budget.
- The District continues to operate on a year-to-year collective agreement with the Seymour Education Teacher's Association. Recent negotiated settlements were 2.9% for fiscal 2009.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mollie Banks, District Secretary/Treasurer and Business Manager, Seymour Community School District, Seymour, Iowa 52590.

## **Basic Financial Statements**

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 867,915	12,109	880,024
ISCAP	636,213		636,213
Receivables:			
Property tax:			
Delinquent	28,199	-	28,199
Succeeding year	1,154,581	-	1,154,581
Income tax succeeding year	70,381	-	70,381
Accounts	-	-	-
ISCAP accrued interest	5,189	-	5,189
Due from other governments	132,500	-	132,500
Inventories	-	1,230	1,230
Capital assets, net of accumulated depreciation	1,076,353	12,665	1,089,018
<b>Total assets</b>	<b>3,971,331</b>	<b>26,004</b>	<b>3,997,335</b>
<b>Liabilities</b>			
Accounts payable	43,008	-	43,008
Salaries and benefits payable	243,235	4,240	247,475
Accrued interest payable	681	-	681
Deferred revenue:			
Other	18,763	1,401	20,164
Succeeding year property tax	1,154,581	-	1,154,581
Succeeding year income surtax	70,381	-	70,381
ISCAP warrants payable	627,000	-	627,000
ISCAP accrued interest payable	3,251	-	3,251
Other liabilities	10,136	-	10,136
Long-term liabilities:			
Portion due within one year:			
Bonds payable	80,000	-	80,000
Portion due after one year:			
Bonds payable	85,000	-	85,000
<b>Total liabilities</b>	<b>2,336,036</b>	<b>5,641</b>	<b>2,341,677</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	910,672	12,665	923,337
Restricted for:			
Categorical funding	34,741	-	34,741
Management levy	116,423	-	116,423
Debt service	19	-	19
Physical plant and equipment levy	10,941	-	10,941
Other special revenue purposes	87,066	-	87,066
Unrestricted	475,503	7,698	483,201
<b>Total net assets</b>	<b>\$ 1,635,365</b>	<b>20,363</b>	<b>1,655,728</b>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses	Service		
<b>Functions/Programs</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,815,802	88,595	323,073	-
Special instruction		40,396	97,793	-
Other instruction	98,995	68,603	-	-
	1,914,797	197,594	420,866	-
Support Service:				
Student services	74,446	-	-	-
Instructional staff services	61,235	-	-	-
Administration services	346,908	7,268	-	-
Operating and maintenance of plant services	248,793	-	-	-
Transportation services	182,974	-	-	-
	914,356	7,268	-	-
Non-instructional programs				
	250	-	-	-
Other expenditures:				
Facilities acquisition	45,310		-	-
Long-term debt interest	12,163		-	-
AEA flowthrough	102,462		102,462	-
	159,935	-	102,462	-
Total governmental activities				
	2,989,338	204,862	523,328	-
Business type activities:				
Non-instructional programs:				
Nutrition services	124,096	58,145	72,174	-
	124,096	58,145	72,174	-
Total				
	\$ 3,113,434	263,007	595,502	-

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Net (Expense) Revenue and Changes in Net Assets

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Governmental Activities	Business type Activities	Total
(1,404,134)	-	(1,404,134)
138,189	-	138,189
(30,392)	-	(30,392)
(1,296,337)	-	(1,296,337)
(74,446)	-	(74,446)
(61,235)	-	(61,235)
(339,640)	-	(339,640)
(248,793)	-	(248,793)
(182,974)	-	(182,974)
(907,088)	-	(907,088)
(250)		(250)
(45,310)	-	(45,310)
(12,163)	-	(12,163)
-	-	-
(57,473)	-	(57,473)
(2,261,148)	-	(2,261,148)
-	6,223	6,223
	6,223	6,223
(2,261,148)	6,223	(2,254,925)

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SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

	Program Revenues		
	Charges for	Operating	Capital Grants,
	Service	Grants,	Contributions
		Contributions	and Restricted
		and Restricted	Interest
Expenses		Interest	Interest
Continued from previous page			
<b>General Revenues:</b>			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Income surtax			
Local option sales and services tax			
Unrestricted intermediate grants			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year			
Net assets end of year			

See notes to financial statements.



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Net (Expense) Revenue and Changes in Net Assets

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Governmental Activities	Business type Activities	Total
1,079,612		1,079,612
-		-
-		-
70,319		70,319
155,536		155,536
21,552		21,552
996,473		996,473
9,460	12	9,472
4,396		4,396
2,337,348	12	2,337,360
76,200	6,235	82,435
1,559,165	14,128	1,573,293
1,635,365	20,363	1,655,728

SEYMOUR COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
<b>Assets and Other Debits</b>					
Cash and pooled investments	\$ 327,291	19	327,453	213,222	867,985
ISCAP	636,213	-	-	-	636,213
Receivables:		-	-	-	
Property tax:					
Current year delinquent	25,998	-	-	2,201	28,199
Succeeding year	1,068,351	-	-	86,230	1,154,581
Income tax succeeding year	70,381	-	-	-	70,381
Accounts	-	-	-	-	-
ISCAP accrued interest	5,189	-	-	-	5,189
Due from other governments	80,773	-	51,727	-	132,500
<b>Total assets</b>	<b>2,214,196</b>	<b>19</b>	<b>379,180</b>	<b>301,653</b>	<b>2,895,048</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	40,957	-	1,058	993	43,008
Salaries and benefits payable	243,235	-	-	-	243,235
Deferred revenue:					
Grants	18,763	-	-	-	18,763
Succeeding year property tax	1,068,351	-	-	86,230	1,154,581
Succeeding year income surtax	70,381	-	-	-	70,381
ISCAP warrants payable	627,000	-	-	-	627,000
ISCAP accrued interest payable	3,251	-	-	-	3,251
Other liabilities	10,136	-	-	-	10,136
<b>Total liabilities</b>	<b>2,082,074</b>	<b>-</b>	<b>1,058</b>	<b>87,223</b>	<b>2,170,355</b>
Fund balances:					
Reserved for:					
Debt service	-	19	-	-	19
Categorical funding	34,741	-	-	-	34,741
Unreserved:					
Undesignated	97,381	-	378,122	214,430	689,933
<b>Total fund balances</b>	<b>132,122</b>	<b>19</b>	<b>378,122</b>	<b>214,430</b>	<b>724,693</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,214,196</b>	<b>19</b>	<b>379,180</b>	<b>-</b>	<b>2,593,395</b>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009

<b>Total fund balances of governmental funds (pg. 16)</b>	\$ 724,693
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***Amounts reported for governmental activities in the  
Statement of Net Assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,076,353
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(681)
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Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(165,000)</u>
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<b>Net assets of governmental activities (pg. 10)</b>	<u><u>\$ 1,635,365</u></u>
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See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	General	Debt Service	Capital Projects
Revenues:			
Local sources:			
Local tax	\$ 1,065,730	-	155,536
Tuition	117,318	-	-
Other	19,642	-	3,696
Intermediate	21,552	-	-
State sources	1,336,590	-	-
Federal sources	183,211	-	-
Total revenues	<u>2,744,043</u>	<u>-</u>	<u>159,232</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	1,370,591	-	-
Special instruction	204,556	-	-
Other instruction	240,655	-	-
	<u>1,815,802</u>	<u>-</u>	<u>-</u>
Support services:			
Student services	74,446	-	-
Instructional staff services	61,235	-	-
Administration services	285,890	-	16
Operation and maintenance of plant services	215,003	-	-
Transportation services	149,087	-	-
	<u>785,661</u>	<u>-</u>	<u>16</u>
Non-instructional programs	<u>250</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	36,816
Long-term debt:			
Principal	-	80,000	-
Interest and fiscal charges	-	12,490	-
AEA flowthrough	102,462	-	-
	<u>102,462</u>	<u>92,490</u>	<u>36,816</u>
Total expenditures	<u>2,704,175</u>	<u>92,490</u>	<u>36,832</u>
Excess (deficiency) of revenues over (under) expenditures	39,868	(92,490)	122,400
Other financing sources:			
Operating transfers in		92,490	
Operating transfers out		-	(92,490)
Sale of equipment	1,337	-	
Total other financing sources	<u>1,337</u>	<u>92,490</u>	<u>(92,490)</u>
Net change in fund balances	41,205	-	29,910
Fund balances beginning of year	<u>90,917</u>	<u>19</u>	<u>348,212</u>
Fund balances end of year	<u>\$7 132,122</u>	<u>19</u>	<u>378,122</u>

See notes to financial statements.

Nonmajor Special Revenue	Total
84,201	1,305,467
-	117,318
76,724	100,062
-	21,552
-	1,336,590
-	183,211
160,925	3,064,200

-	1,370,591
-	204,556
98,995	339,650
98,995	1,914,797

-	74,446
-	61,235
61,002	346,908
-	215,003
-	149,087
61,002	846,679

-	250
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8,494	45,310
-	80,000
-	12,490
-	102,462
8,494	240,262
168,491	3,001,988

(7,566)	62,212
-	92,490
-	(92,490)
	1,337
-	1,337

(7,566)	63,549
221,996	661,144
214,430	724,693

SEYMOUR COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

<b>Net change in fund balances-total governmental funds (pg. 19)</b>	\$	63,549
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***Amounts reported for governmental activities in the  
Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	15,076	
Depreciation expense	<u>(82,753)</u>	(67,677)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		80,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		328
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<b>Change in net assets of governmental activities (pg. 14)</b>	\$	<u><u>76,200</u></u>
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See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2009

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 12,109
Inventories	1,230
Capital assets, net of accumulated depreciation	<u>12,665</u>
<b>Total assets</b>	<u>26,004</u>
<b>Liabilities</b>	
Salaries and benefits payable	4,240
Deferred revenue	<u>1,401</u>
<b>Total liabilities</b>	<u>5,641</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	12,665
Unrestricted	<u>7,698</u>
<b>Total net assets</b>	<u><u>\$ 20,363</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
Year ended June 30, 2009

	<u>School Nutrition</u>
Operating revenues:	
Local sources	
Charges for service	<u>\$         58,145</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	48,188
Benefits	8,810
Purchased services	-
Supplies	64,852
Depreciation	<u>2,246</u>
Total operating expenses	<u>124,096</u>
Operating loss	<u>(65,951)</u>
Non-operating revenues:	
State sources	1,480
Federal sources	70,694
Local sources	<u>12</u>
Total non-operating revenues	<u>72,186</u>
Net income	6,235
Net assets beginning of year	<u>14,128</u>
Net assets end of year	<u><u>\$         20,363</u></u>

See notes to financial statements.



SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year ended June 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of meals	\$ 57,816
Cash payments to employees for services	(58,440)
Cash payments to suppliers for goods or services	(56,191)
Net cash used by operating activities	<u>(56,815)</u>
State grants received	1,480
Federal grants received	62,068
Net cash provided by non-capital financing activities	<u>63,548</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	-
Cash flows from investing activities:	
Interest on investments	<u>12</u>
Net increase in cash and cash equivalents	6,745
Cash and cash equivalents at beginning of year	<u>5,364</u>
Cash and cash equivalents at end of year	<u><u>12,109</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	(65,951)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Commodities used	8,626
Depreciation	2,246
Decrease in inventory	35
Decrease in payables	(1,442)
Decrease in deferred revenue	(329)
Net cash used by operating activities	<u><u>(56,815)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2009, the District received federal commodities valued at \$8,626

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2009

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
<b>Assets</b>	
Cash and pooled investments	<u>\$ 123,525</u>
<b>Total assets</b>	<u><u>123,525</u></u>
<b>Liabilities</b>	
Accounts payable	-
<b>Total liabilities</b>	<u>-</u>
<b>Net assets</b>	
Reserved for scholarships	<u><u>123,525</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year ended June 30, 2009

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ -
Interest income	6,745
Total additions	<u>6,745</u>
Deductions:	
Support services:	
Scholarships awarded	9,470
Fees	48
	<u>9,518</u>
Change in net assets	(2,773)
Net assets beginning of year	<u>126,298</u>
Net assets end of year	<u><u>\$ 123,525</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2009

**(1) Summary of Significant Accounting Policies**

Seymour Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Seymour and Promise City, Iowa, and the predominate agricultural territory in Wayne and Appanoose Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Seymour Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Seymour Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Wayne County Assessor's Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvements of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvement other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 years
Improvements other than buildings	20-40 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax and income surtax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

### (2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investments trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$972,091

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk - The investments in the Iowa Schools Joint investment Trust were both rated Aaa by Moody's Investors Service.

### (3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Debt Service	Capital Projects	<u>\$92,490</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

### (4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2008-09A	6/26/08	6/23/09	\$ -	2,920	-	-
2008-09B	1/21/09	1/21/10	240,038	2,220	237,000	3,117
2009-10A	6/25/09	6/23/10	396,175	49	390,000	134
Total			<u>636,213</u>	<u>5,189</u>	<u>627,000</u>	<u>3,251</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2008-09A	\$ -			
2008-09B	-	-	-	-
2009-10A	-	-	-	-
Total	<u>-</u>			



**(4) Iowa School Cash Anticipation Program (ISCAP) (continued)**

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09A	3.500%	3.469%
2008-09B	3.000%	2.110%
2009-10A	2.500%	.902%

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,150	-	-	3,150
Total capital assets not being depreciated	3,150	-	-	3,150
Capital assets being depreciated:				
Buildings	2,013,390	-	-	2,013,390
Improvements other than buildings	-	-	-	-
Furniture and equipment	496,142	15,076	(30,000)	481,218
Total capital assets being depreciated	2,509,532	15,076		2,494,608
Less accumulated depreciation for:				
Buildings	1,043,115	44,925	-	1,088,040
Improvements other than buildings	-	-	-	-
Furniture and equipment	325,537	37,828	(30,000)	333,365
Total accumulated depreciation	1,368,652	82,753	(30,000)	1,421,405
Total capital assets being depreciated, net	1,140,880	(67,677)	30,000	1,073,203
Governmental activities capital assets, net	1,144,030	(67,677)	30,000	1,076,353
<b>Business type activities:</b>				
Furniture and equipment	25,308		4,105	21,203
Less accumulated depreciation	10,397	2,246	4,105	8,538
Business type activities capital assets, net	14,911	(2,246)	-	12,665

Depreciation expense was charged to the following functions:

Support services:	
Operation and maintenance	48,866
Transportation	33,887
Total depreciation expense - governmental activities	82,753
Business type activities:	
Food service operations	2,246

## (6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 245,000	-	80,000	165,000	80,000

### General Obligation Bonds Payable

Bond Issue of June 1, 1996				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.90%	80,000	8,170	88,170
2011	5.00%	85,000	4,250	89,250
Total		\$ 165,000	12,420	177,420

## 7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement Systems (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$181,717, \$173,813 and \$162,264 respectively, equal to the required contributions for each year.

## (8) Risk Management

Seymour Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## (9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$102,462 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

SEYMOUR COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2009

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	\$ 1,522,847	58,157
Intermediate sources	21,552	-
State sources	1,336,590	1,480
Federal sources	183,211	70,694
Total revenues	<u>3,064,200</u>	<u>130,331</u>
Expenditures:		
Instruction	1,914,797	-
Support services	846,679	-
Non-instructional programs	250	124,096
Other expenditures	240,262	-
Total expenditures	<u>3,001,988</u>	<u>124,096</u>
Excess (deficiency) of revenues over (under) expenditures	62,212	6,235
Other financing sources	<u>1,337</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	63,549	6,235
Balances beginning of year	<u>661,144</u>	<u>14,128</u>
Balances end of year	<u><u>\$ 724,693</u></u>	<u><u>20,363</u></u>

See accompanying independent auditor's report.

Total Actual	Budgeted Amount Original	Variance Favorable (Unfavorable)
1,581,004	1,568,505	12,499
21,552	22,500	(948)
1,338,070	1,462,594	(124,524)
253,905	311,000	(57,095)
3,194,531	3,364,599	(170,068)
1,914,797	2,277,086	362,289
846,679	1,499,092	652,413
124,346	158,500	34,154
240,262	296,767	56,505
3,126,084	4,231,445	1,105,361
68,447	(866,846)	
1,337	3,500	
69,784	(863,346)	
675,272	577,966	
745,056	(285,380)	

SEYMOUR COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30,2009

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
<b>Assets</b>				
Cash and pooled investments	\$ 114,912	87,066	11,244	213,222
Receivables:				
Property tax:				
Current year delinquent	1,559	-	642	2,201
Succeeding year	60,000		26,230	86,230
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>176,471</b>	<b>87,066</b>	<b>38,116</b>	<b>301,653</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	48	-	945	993
Deferred revenue:				
Succeeding year property tax	60,000	-	26,230	86,230
Total liabilities	60,048	-	27,175	87,223
Fund equity:				
Fund balances:				
Unreserved, undesignated fund balance	116,423	87,066	10,941	214,430
<b>Total liabilities and fund balances</b>	<b>\$ 176,471</b>	<b>87,066</b>	<b>38,116</b>	<b>301,653</b>

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2009

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	\$ 59,650	-	24,551	84,201
Other	8,025	68,603	96	76,724
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	67,675	68,603	24,647	160,925
Expenditures:				
Current				
Instruction:				
Other instruction	-	84,202	14,793	98,995
Support services:				
Administrative support	61,002	-	-	61,002
Plant operation	-	-	-	-
Student transportation	-	-	-	-
Other expenditures:				
Facilities acquisition	-	-	8,494	8,494
Total expenditures	61,002	84,202	23,287	168,491
Excess (deficiency) of revenues over (under) expenditures	6,673	(15,599)	1,360	(7,566)
Fund balances beginning of year	109,750	102,665	9,581	221,996
Fund balances at end of year	\$ 116,423	87,066	10,941	214,430

See accompanying independent auditor's report.



SEYMOUR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2009

Account	Balance Beginning Of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ (1,151)	15,960	18,680	(3,871)
FFA	14,828	20,557	20,091	15,294
FCCLA	768	1,358	1,626	500
General	62,416	10,991	24,337	49,070
Vocal Music	4,100	586	236	4,450
Student Council	346	109	237	218
Cheerleaders	2,359	-	55	2,304
S Club	4,952	5,241	4,941	5,252
Post Prom	2,852	1,970	1,834	2,988
Youth Council	333	-	-	333
Speech	242	8,171	6,333	2,080
Wayne County Coalition	713	130	123	720
Melissa's	49	-	49	-
Lion's Back Stop	919	-	-	919
TAG	79	-	-	79
Class of 2009	2,137	89	2,226	-
Class of 2010	4,336	965	2,823	2,478
Class of 2011	1,937	1,766	511	3,192
Class of 2012	450	210	50	610
Class of 2013	-	500	50	450
Totals	\$ 102,665	68,603	84,202	87,066

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	2009	2008	2007	2006
Revenues:				
Local sources:				
Local tax	\$ 1,305,467	\$ 1,286,880	\$ 1,237,767	\$ 1,184,489
Tuition	117,318	44,756	29,586	33,187
Other	101,399	135,171	142,413	133,087
Intermediate sources	21,552	20,805	20,976	7,820
State sources	1,336,590	1,465,071	1,501,281	1,523,719
Federal sources	183,211	185,390	218,008	303,515
Total	3,065,537	3,138,073	3,150,031	3,185,817
Expenditures:				
Instruction:				
Regular instruction	1,815,802	1,296,284	\$ 1,268,925	1,159,129
Special instruction		299,415	449,514	390,671
Other instruction	98,995	340,389	238,683	348,390
Support services:				
Student services	74,446	88,547	87,398	90,296
Instructional staff services	61,235	61,104	91,178	128,391
Administration services	346,908	338,057	318,580	330,017
Operation and maintenance of plant services	215,003	214,098	235,286	318,076
Transportation services	149,087	230,251	214,637	209,847
Central support	-	-	-	-
Non-instructional programs	250	250	250	250
Other expenditures:				
Facilities acquisition	45,310	69,468	-	-
Long-term debt:				
Principal	80,000	75,000	70,000	65,000
Interest and other charges	12,490	16,090	19,380	22,381
AEA flowthrough	102,462	101,679	101,544	99,068
Total	\$ 3,001,988	3,130,632	3,095,375	3,161,516

See accompanying independent auditor's report.

Modified Accrual Basis					
2005	2004	2003	2002	2001	2000
\$ 1,110,940	\$ 1,035,494	\$ 1,019,698	\$ 900,039	\$ 870,235	\$ 770,311
32,188	40,056	46,380	56,459	67,717	82,923
117,182	103,548	104,691	136,531	218,223	230,400
9,730	21,822	12,326	805	-	6,706
1,428,263	1,390,765	1,400,576	1,443,211	1,461,520	1,625,483
284,052	313,005	148,073	177,229	245,443	170,609
2,982,355	2,904,690	2,731,744	2,714,274	2,863,138	2,886,432

1,128,622	1,151,953	1,040,568	1,188,272	1,217,297	1,176,111
491,148	401,814	345,430	320,376	290,505	278,364
337,582	334,113	328,218	317,965	393,192	390,428
89,263	92,139	85,524	128,833	119,227	69,902
115,260	123,041	88,722	43,616	47,137	77,646
316,867	307,751	257,675	253,919	244,739	241,529
211,133	187,098	189,539	151,880	183,671	158,722
212,484	151,336	215,467	137,595	191,793	127,912
519	778	45,355	43,184	33,574	33,285
-	-	-	-	126,407	123,147
-	-	-	-	273	1,267
65,000	60,000	60,000	55,000	50,000	50,000
25,295	27,805	30,415	33,082	35,808	38,232
99,994	99,668	106,278	107,396	112,218	113,855
3,093,167	2,937,496	2,793,191	2,781,118	3,045,841	2,880,400

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Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
Seymour Community School District:

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Seymour Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and issued my report thereon dated September 11, 2009, I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Seymour Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Seymour Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Seymour Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies, including deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Seymour Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Seymour Community School District's financial statements that is more than inconsequential will not be prevented or detected by Seymour Community School District's internal control. I consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Seymour Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe item II-A-08 is a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seymour Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Seymour Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. While I have expressed my conclusions on the District's responses, I did not audit Seymour Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Seymour Community School District and other parties to whom Seymour Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Seymour Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

September 11, 2009

SEYMOUR COMMUNITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2009

**Part 1: Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

- II-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards:**

Not applicable since less than \$500,000 in federal awards.

**Other Findings Related to Statutory Reporting:**

- IV-A-09 Certified Budget – Disbursements for the year ended June 30, 2009, did not exceed the certified budget.
- IV-B-09 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 1V-D-09 Business Transactions – No business transactions were noted between the District and District officials or employees.
- IV-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that coverage is adequate for current operations.
- IV-F-09 Board Minutes – No transactions were noted requiring Board approval which had not been approved by the Board.

- IV-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-09 Certified Annual Report – The Certified Annual Report will be filed with the Iowa Department of Education timely.
- IV-J-09 Student Activity Receipts – For several years grants have been received from Wayne County Coalition to be used to introduce nutritional eating ideas into the curriculum.
- Recommendation – The money was not co-curricular in nature and should be deposited into the General Fund or Nutrition Fund.
- Response – Will take under advisement.
- Conclusion – This has been the response of the District for several years.
- IV-K-09 Closed Session – The District entered closed session during several board meetings to discuss personnel issues and staffing of students. The purpose of the closed session was not always recorded.
- Recommendation – The reason to hold the closed session must be announced publicly and entered into the board minutes. Individual votes of the board members to enter the closed session must be recorded.
- Response – We will properly document all closed sessions.
- Conclusion – Response accepted.
- IV-L-09 Student Activity Receipt and Expenditure – The District received a \$1,251 grant from the State of Iowa to purchase a defibrillator. A defibrillator was purchased at a cost of \$1,763. This activity was recorded in the Student Activity Fund.
- Recommendation – The receipt and expenditure are not co-curricular in nature and should have been recorded in the General Fund.
- Response – We will take under advisement.
- Conclusion – Response accepted.
- IV-M-09 Nutrition Fund – The nutrition fund has a deficit of \$783 in unrestricted balance.
- Recommendation – The District needs to make changes to generate more revenue and/or decrease expenditures.
- Response – Meal prices have been increased and an employee position eliminated to address this issue.
- Conclusion – Response accepted.